

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: Charter Township of Clinton 41B District Court	County Macomb
Audit Date March 31, 2004	Opinion Date May 10, 2004	Date Accountant Report Submitted To State: September 30, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): <b>PLANTE &amp; MORAN, PLLC</b>			
Street Address Suite 200, 10 S. Main St.	City Mt. Clemens	State MI	ZIP 48043
Accountant Signature 			

**District Court No. 41B**  
**Charter Township of Clinton, Michigan**

---

**Financial Report**  
**with Supplemental Information**  
**March 31, 2004**

# **District Court No. 41B**

## **Charter Township of Clinton, Michigan**

---

### **Contents**

<b>Report Letter</b>	<b>I</b>
<b>Financial Statement</b>	
Statement of Net Assets - Fiduciary Funds	2
Notes to Financial Statement	3-4
<b>Other Supplemental Information</b>	
Schedules of Cash Receipts and Disbursements	5

## Independent Auditor's Report

To Honorable Judge William H. Cannon  
41B District Court  
Charter Township of Clinton, Michigan

We have audited the accompanying statement of net assets - fiduciary funds of the District Court No. 41B of the Charter Township of Clinton, Michigan (a component unit of the Charter Township of Clinton, Michigan) as of March 31, 2004. This financial statement is the responsibility of the management of District Court No. 41B of the Charter Township of Clinton, Michigan. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the District Court Funds of District No. 41B of the Charter Township of Clinton, Michigan as of March 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statement. This information has been subjected to the procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

The 41B District Court has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statement.

*Plante & Moran, PLLC*

May 10, 2004

# **District Court No. 41B**

## **Charter Township of Clinton, Michigan**

### **Statement of Net Assets**

#### **Fiduciary Funds**

#### **March 31, 2004**

	Bond Account	General Account	Total
<b>Assets - Cash and cash equivalents (Note 2)</b>	<b><u>\$ 282,961</u></b>	<b><u>\$ 241,456</u></b>	<b><u>\$ 524,417</u></b>
<b>Liabilities</b>			
Due to:			
District Control Unit	\$ -	\$ 168,861	\$ 168,861
Macomb County	-	991	991
State of Michigan	-	65,641	65,641
Escrow and other	-	5,963	5,963
Refundable bonds	<u>282,961</u>	<u>-</u>	<u>282,961</u>
 Total liabilities	 <b><u>\$ 282,961</u></b>	 <b><u>\$ 241,456</u></b>	 <b><u>\$ 524,417</u></b>

# **District Court No. 41B**

## **Charter Township of Clinton, Michigan**

---

**Notes to Financial Statement**  
**March 31, 2004**

### **Note 1 - Significant Accounting Policies**

The State of Michigan 41B District Court (the "Court") serves the Charter Township of Clinton. The Court oversees and processes items relating to traffic violations, criminal and civil infractions, and small claims filings. It also provides probation oversight and related services. The Court is a component unit of the Charter Township of Clinton, Michigan.

The Court is governed by one elected judge. As required by accounting principles generally accepted in the United States of America, this financial statement presents the State of Michigan 41B District Court. There are no component units.

This financial statement reports only the collection of amounts that are subsequently returned or paid to third parties. The operations of the Court, including all facility and related costs, are not reported in this financial statement but rather are included in the Charter Township of Clinton, Michigan's General Fund.

The accounting policies of the Court conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Fund Accounting**

The accounts of the Court are organized on the basis of funds, each of which is considered a separate accounting entity. The various funds are grouped in fiduciary funds, as follows:

**Agency Funds** - Agency Funds are used to account for assets held by the Court as an agent for individuals, organizations, other governments, and other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Court utilizes the following Agency Funds:

**General Account** - This fund receives the Court's and State of Michigan's share of fines and costs associated with the traffic and criminal divisions and filing fees assessed for civil and small claims filings. The revenue is then distributed to the State of Michigan, Macomb County, and the Charter Township of Clinton.

**Bond Account** - This fund receives and holds bond monies from defendants as a promise to appear on an appointed court date. After the court date, the monies are applied to fines and costs, bond costs, forfeitures, and refunds, as appropriate.

# **District Court No. 41B**

## **Charter Township of Clinton, Michigan**

---

**Notes to Financial Statement**  
**March 31, 2004**

### **Note 2 - Cash and Cash Equivalents**

At March 31, 2004, bank deposits totaled \$486,606. Of that amount, \$190,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized.

The deposits, net of checks written and deposits in transit, are recorded in the financial statement at \$524,417. All deposits, including certificates of deposit totaling \$90,000, are classified as cash and cash equivalents.

The Court believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Court evaluates each financial institution with which it deposits Court funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

### **Note 3 - Court Operations**

The costs relating to the operation of the Court are a budgeted item of the Charter Township of Clinton, Michigan's General Fund; accordingly, such costs are paid by the General Fund. Fine and fee collections are transferred to the District Control Unit or other agencies on a monthly basis.

## **Other Supplemental Information**

---



# District Court No. 41B

## Charter Township of Clinton, Michigan

### Schedules of Cash Receipts and Disbursements

	Year Ended March 31	
	2004	2003
<b>General Account</b>		
<b>Cash Balance</b> - Beginning of year	\$ 272,193	\$ 209,524
<b>Receipts</b>		
Ordinance and civil fines and fees	2,687,418	2,389,563
Miscellaneous fees	-	3,458
Garnishments, restitution, and other	80,766	123,084
Total receipts	2,768,184	2,516,105
<b>Disbursements</b> - Transfers to		
District Control Unit	2,118,718	1,839,361
Macomb County	11,112	9,312
State of Michigan	543,122	408,268
Judges' Retirement System	48,186	74,975
Garnishments, restitution, and other	77,015	121,520
Total disbursements	2,798,153	2,453,436
<b>Cash Balance</b> - End of year	<u><u>\$ 242,224</u></u>	<u><u>\$ 272,193</u></u>
<b>Bond Account</b>		
<b>Cash Balance</b> - Beginning of year	\$ 156,337	\$ 167,586
<b>Receipts</b> - Bond receipts	952,894	779,035
<b>Disbursements</b> - Bond refunds, forfeitures, and transfers	826,270	790,284
<b>Cash Balance</b> - End of year	<u><u>\$ 282,961</u></u>	<u><u>\$ 156,337</u></u>